



March 12, 2014

Item No. 5

AUTHORIZATION TO 1) ENTER INTO A CONTRACT FOR REDEVELOPMENT WITH BMD-I, LLC FOR THE CLYBOURN/DIVISION DEVELOPMENT; 2) ENTER INTO A PREDEVELOPMENT LOAN AGREEMENT WITH BMD-I, LLC IN AN AMOUNT NOT TO EXCEED \$833,850; and 3) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to: 1) Enter into a Contract for Redevelopment with BMD-I, LLC which is comprised of Brinshore Development, LLC and The Michaels Development Company I, L.P. (collectively, Brinshore-Michaels) for the Clybourn/Division development; 2) Enter into a Predevelopment Loan Agreement with BMD-I, LLC in an amount not to exceed \$833,850; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Interim Executive Vice President of Development, Office of the General Counsel and Department of Procurement and Contracts have completed all necessary due diligence to support submission of this initiative and recommend approval of this item accordingly.

CORPORATE GOAL #1

The proposed development supports CHA's corporate goal to reimagine the Plan for Transformation by redeveloping Clybourn and Division into a mixed-income site, and coordinate public and private investments to develop healthy, vibrant communities.

FUNDING: Not to exceed \$833,850 of CHA General Funds

M/W/DBE & SECTION 3 PARTICIPATION:

M/W/DBE Participation:

Direct ____% MBE 30.4% WBE 4.2% DBE

Section 3:

(#) Hiring _____ (\$) Subcontracting _____ (\$) Other Economic Opportunities

GENERAL BACKGROUND

The Amended Cabrini Consent Decree of 2001 guides the redevelopment effort for the former Cabrini Extension North site and related parcels in the Near North Area. The Consent Decree stipulates redevelopment of 700 public housing and 270 affordable rental units based on an income mix of 50% market rate, 30% public housing and 20% affordable. The Consent Decree also stipulates Cabrini-Green LAC participation on CHA and City land, among other items related to redevelopment of Cabrini Extension North. To date, a total of 434 public housing and 153 affordable rental units have been delivered in mixed income housing.

Procurement - Redevelopment of Clybourn and Division is mandated under the Cabrini Consent Decree from 2001. The City of Chicago (City) released a Request for Proposals on September 20, 2010 for planning, redevelopment, and management of a new mixed-income, mid-rise rental building including retail/commercial space. As a City-approved Developer, Brinshore-Michaels submitted this project under the Cabrini Consent Decree. As required, the project was noticed to the public and one other response was received. Brinshore-Michaels was found most responsive to City and CHA goals and was selected the developer by the Near North Working Group.

Site - The Clybourn/Division 42,618 sq. ft. site that fronts both Clybourn and Division is a City-owned parcel currently used by City Farms. The site is bounded by Clybourn Ave on the east, Division St on the south, Cleveland Ave on the west, and a public alley north of Division. Parkside of Old Town development is directly across the site, on the south side of Division St.

Clybourn/Division Development - The redevelopment is comprised of 77 mixed-income units with 24 public housing, 15 affordable and 38 market rate units. It also includes approximately 17,200 sq. ft. of retail/commercial space including, but not limited, to a daycare and restaurant and 11,200 sq. ft. of community space including a roof-top community garden.

Predevelopment Loan – The \$833,850 CHA loan will not exceed 75% of eligible Clybourn/Division third party predevelopment costs consistent with HUD cost control guidelines. The total predevelopment budget is \$1,111,800 and the developer will cover the remaining 25% of the budget. This loan will help fund predevelopment costs that include: architectural and engineering design development and construction documents, permit fees, technical reports and surveys and related real estate services. All predevelopment funds loaned will be repaid in full to CHA at the project's transaction closing.

The Board action recommended in this item complies in all material respects with all applicable CHA board policies and all applicable federal (HUD) procurement regulations.

The Interim Executive Vice President of Development concurs with the recommendation to: 1) Enter into a Contract for Redevelopment with BMD-I, LLC (Brinshore-Michaels) for the Clybourn/Division development; 2) Enter into a Predevelopment Loan Agreement with BMD-I, LLC in an amount not to exceed \$833,850; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The CEO/President recommends approval to 1) Enter into a Contract for Redevelopment with BMD-I, LLC (Brinshore-Michaels) for the Clybourn/Division development; 2) Enter into a Predevelopment Loan Agreement with BMD-I, LLC in an amount not to exceed \$833,850; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

RESOLUTION NO. 2014-CHA-30

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated March 12, 2014 entitled Authorization to 1) Enter into a Contract for Redevelopment with BMD-I, LLC for the Clybourn/Division development; 2) Enter into a Predevelopment Loan Agreement with BMD-I, LLC in an amount not to exceed \$833,850; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to 1) Enter into a Contract for Redevelopment with BMD-I, LLC (Brinshore-Michaels) for the Clybourn/Division development; 2) Enter into a Predevelopment Loan Agreement with BMD-I, LLC in an amount not to exceed \$833,850; and 3) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3 and insurance requirements.

